

Message Text

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PAGE 01 TOKYO 11955 080930Z
ACTION OES-07

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FOR OES/APT/SA

E.O. 11652: N/A
TAGS: TECH, JA
SUBJECT: JAPAN'S FOREIGN TECHNOLOGY IMPORTS

1. ACCORDING TO VERNACULAR PRESS REPORTS, SCIENCE AND TECHNOLOGY AGENCY (STA) IS ALARMED AT RECENT REVELATION BY MINISTRY OF FINANCE THAT JAPANESE IMPORTS OF FOREIGN TECHNOLOGY HAVE CONTINUED TO DWINDLE FOR PAST THREE YEARS, MOSTLY FOR WHAT IT SIGNIFIES: SLOWING DOWN OF CORPORATE INVESTMENT IN RESEARCH AND DEVELOPMENT.

2. SURVEY REVEALED THAT TECHNOLOGY IMPORTS APPROVED BY MINISTRY OF FINANCE IN FY 1976 ENDING LAST MARCH TOTALED 1,461 CASES OR ABOUT THREE-QUARTERS OF FY 1973'S (PEAK YEAR) 1,931 CASES. THE 1973 FIGURE DROPPED TO 1,572 IN FY 1974 AND TO 1,403 IN FY 1975. IN FY 1976, SITUATION SLIGHTLY IMPROVED BUT AGAIN IMPORTS BEGAN TO DWINDLE IN FIRST QUARTER OF CURRENT FISCAL YEAR.

3. DECREASE IN TECHNOLOGY IMPORTS OCCURRED IN ALL AREAS EXCPET ELECTRONIC MACHINERY (CENTERING AROUND SEMICONDUCTORS AND INTEGRATED CIRCUITS). IN THIS UNCLASSIFIED

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PAGE 02 TOKYO 11955 080930Z

AREA TECHNOLGOY IMPORTS STOOD AT 118 IN FY 1973, 68 IN 1974, 113 IN FY 1975 AND 119 IN FY 1976, INDICATING THAT TECHNOLOGICAL INNOVATION CONTINUES TO BE RELATIVELY ACTIVE IN ELECTRONICS.

4. STA ATTRIBUTES SLUGGISHNESS IN TECHNOLOGY IMPORTS TO PROLONGED BUSINESS RECESSION WHCIH HAS MADE JAPANESE

ENTERPRISES SHY AWAY FROM PURCHASING IMPORTED TECHNOLOGY FOR DEVELOPING NEW PRODUCTS AND EXPORTING THEM TO OVERSEAS MARKETS ALREADY SENSITIVE TO AGGRESSIVE JAPANESE MANUFACTURERS. STA IS CONCERNED THAT DECREASE IN TECHNOLOGY IMPORTS MAY EVENTUALLY WEAKEN JAPAN'S COMPETITIVE POSITION IN INTERNATIONAL MARKET, BECAUSE IT REFLECTS SLOWING DOWN OF CORPORATE INVESTMENT IN RESEARCH AND DEVELOPMENT. INDUSTRY SOURCES POINT OUT THAT IT HAS BECOME INCREASINGLY DIFFICULT FOR JAPANESE ENTERPRISES TO ENTER INTO TECHNICAL TIEUPS WITH FOREIGN ENTERPRISES WHICH HAVE BEGUN USING TECHNOLOGY AS KEY WEAPON IN BUSINESS STRATEGY.

5. STA IS CONSIDERING STEPS TO REMEDY THE SITUATION, INCLUDING INCREASING GOVERNMENT SHARE OF RESEARCH SPENDING TO STIMULATE CORPORATE RESEARCH AND DEVELOPMENT. AT PRESENT, CENTRAL GOVERNMENT BEARS ONLY 27 PERCENT OF TOTAL R&D EXPENDITURE. ANOTHER STEP BEING CONSIDERED IS TO PROVIDE EXPANDED TAX INCENTIVES TO PRIVATE INDUSTRY PERFORMING RESEARCH AND DEVELOPMENT, UPON EXPIRATION OF THE PRESENT SPECIAL TAX CREDIT SYSTEM FOR R&D EXPENSES AT THE END OF FY 1977.

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